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PRESS RELEASE

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REBASED NATIONAL CONSUMER PRICE INDEX (NCPI) FOR JANUARY, 2016

METHODOLOGICAL NOTE

Definition

The NCPI measures the change over time in the cost of a fixed basket of goods and services that are purchased by a representative sample of households in Tanzania. A basket includes a list of 278 goods and services of which 97 are Food and Non Alcoholic Beverages and 181 are Non Food items that are being priced on monthly basis.

Weights and a Reference Period

The NCPI weights are based on monetary expenditures relating to consumption for all survey types of households in the 25 geographic regions of Tanzania. The index weights are based on expenditures of both urban and rural households derived from 2011/12 Household Budget Survey and the price reference period is December 2015.

Classification

The NCPI follows the internationally recommended Classification of Individual Consumption by Purpose (COICOP). NCPI is being disseminated with indices for the 12 major groups of COICOP as well as several additional index aggregations. These additional indices are; 1) Food and Non-alcoholic Beverages - combining food consumed at home and food consumed in restaurants; 2) Energy and Fuels - combining electricity and other fuels for use at home including petrol and diesel; 3) All Items Less Food; and 4) All Items Less Food and Energy.

Elementary and Higher Level Indices

The NCPI has incorporated a number of methodological improvements including the use of geometric mean of price relatives for compiling elementary index aggregates, the use of an improved index compilation system, and improved procedures for collecting and processing prices. The Lowe Index formula which is Laspeyres index formula type continues to be used for computing higher level aggregates for the NCPI.

ANNUAL HEADLINE INFLATION RATE DECREASES TO 6.5%

Table 1: Changes in the NCPI for January, 2016, (December 2015 = 100)

S/N	Main Groups	Weight	Jan-15	Dec-15	Jan-16	1 Month Percent Change	12 Month Percent Change
1	Food and Non Alcoholic Beverages	38.5	91.25	100.00	100.99	1.0	10.7
2	Alcoholic and Tobacco	3.7	98.53	100.00	100.18	0.2	1.7
3	Clothing and Footwear	8.3	96.31	100.00	100.90	0.9	4.8
4	Housing, Water, Electricity, Gas and Other Fuel	11.6	100.53	100.00	101.63	1.6	1.1
5	Furnishing, Housing Equipment and Routine Maintenance of the House	6.3	97.10	100.00	100.53	0.5	3.5
6	Health	2.9	96.28	100.00	100.49	0.5	4.4
7	Transport	12.5	98.37	100.00	99.66	-0.3	1.3
8	Communication	5.6	99.50	100.00	99.98	0.0	0.5
9	Recreation and Culture	1.6	96.83	100.00	100.28	0.3	3.6
10	Education	1.5	97.64	100.00	100.96	1.0	3.4
11	Restaurants and hotels	4.2	96.18	100.00	100.27	0.3	4.3
12	Miscellaneous goods and services	3.1	96.73	100.00	100.62	0.6	4.0
TOTAL – ALL ITEMS INDEX		100	94.54	100.00	100.71	0.7	6.5
Other Selected Groups							
1	Food - combining food consumed at home and food consumed in restaurants	37.07	91.65	100.00	101.07	1.1	10.3
2	Energy and Fuels - combining electricity and other fuels for use at home with petrol and diesel	8.68	101.05	100.00	101.38	1.4	0.3
3	All Items Less Food	62.93	98.52	100.00	100.50	0.5	2.0
4	All Items Less Food and Energy	54.25	98.02	100.00	100.35	0.4	2.4

The Headline Inflation Rate measures inflation rate when all items in the fixed CPI basket are included. Table number 1 above indicates that, Annual Headline Inflation Rate for the month of January, 2016 has decreased to 6.5% from 6.8% recorded in December, 2015. The decrease of Annual Headline Inflation Rate for the year ending January, 2016 explains that, the speed of price increase for commodities in the year ending January, 2016 has decreased as compared to the speed of price increase recorded for the year ended December, 2015. The overall rebased index went up to 100.71 in January, 2016 from 94.54 which is the rebased index recorded in January, 2015. Food and Non Alcoholic Beverages Inflation Rate for the Month of January 2016 has slightly decreased to 10.7% from 11.1% recorded in December, 2015.

Food and Non Food Inflation Rates

Annual Inflation Rate for food consumed at home and away from home has decreased to 10.3% in January, 2016 from 10.9% recorded in December, 2015. In addition, the 12 month index change for non food products has slightly increased to 2.0% in January, 2016 from 1.8% recorded in December, 2015.

Inflation Rate excluding Food and Energy

The Annual Inflation Rate which excludes food and energy for the month of January, 2016 has stagnated at 2.4% as it was recorded in December, 2015.

The NCPI used to compute this type of Inflation Rate excludes food consumed at home and restaurants, non alcoholic beverages, petrol, diesel, gas, kerosene, charcoal and electricity. Excluding food and energy which are the most volatile components in the total NCPI could provide a more stable Inflation Rate figure for Policy Makers.

Chart 1: Movement of National Consumer Price Indices (NCPI) and Inflation Rates from January, 2015 – January, 2016. (December, 2015 = 100)

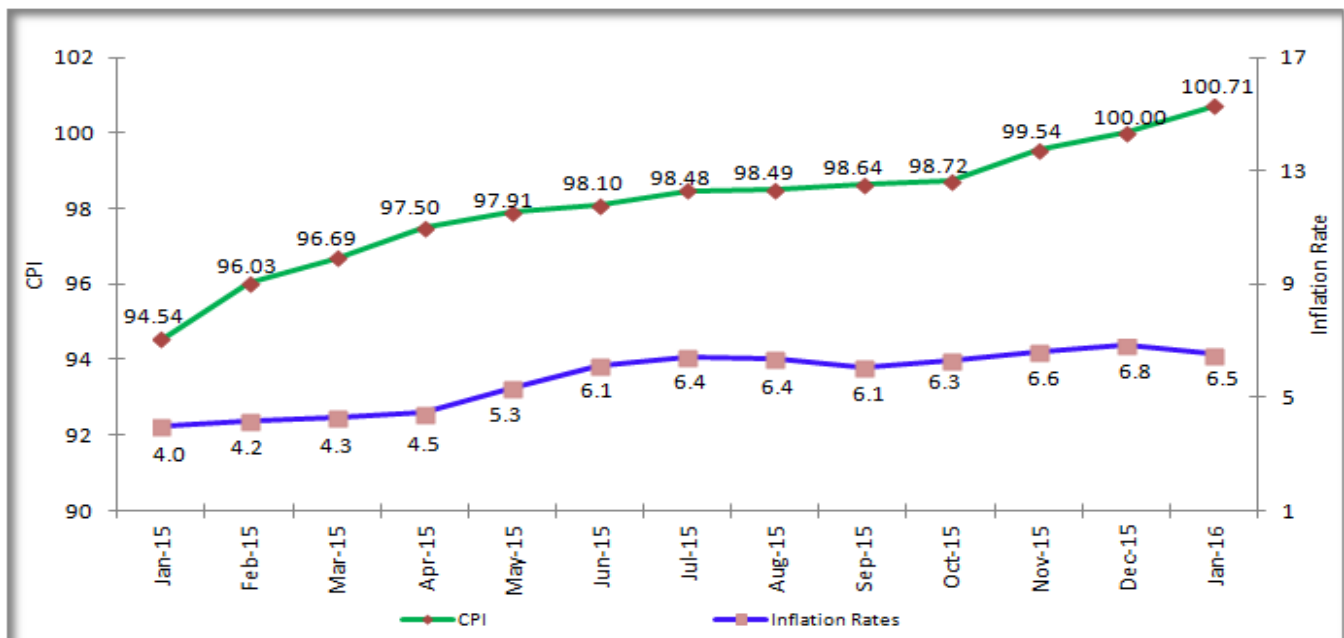


Chart number 1 above explains that; CPI has shown a relatively stable movement of prices from January, 2015 to January, 2016. In addition, annual Headline Inflation Rates over the same period have shown a stable trend of movement from 4.0% in January, 2015 to 6.5% in January, 2016.

MONTHLY HEADLINE INFLATION RATE FOR JANUARY, 2016 INCREASES BY 0.7%

The Monthly Headline Inflation Rate for the month of January, 2016 has increased by 0.7% compared to an increase of 0.5% recorded in December, 2015. The overall index has increased to 100.71 in January, 2016 from 100.00 which is the rebased NCPI for December; 2015. This increase of the overall index is attributed to price increase of both food and non food items. Some food items that contributed to such an increase include; sorghum grains by 3.5%, green beans by 10.1% and cooking bananas by 3.7%. On the other hand, non food items that contributed to such an increase include; charcoal by 3.5%, firewood by 2.6%, hand bags by 3.2% and fees for private children day care services by 3.9%.

PURCHASING POWER OF TANZANIAN SHILLING IN JANUARY, 2016 COMPARED TO DECEMBER, 2015

The Purchasing Power of the consumer's Tanzanian Shilling measures the change in the value of consumer goods and services that a Tanzanian Shilling could buy at different periods. That is, if the overall level of Consumer Price Index (CPI) goes up, the Purchasing Power of a Tanzanian Shilling goes down.

The purchasing power of 100 Tanzanian Shillings has reached TZS 99 and 30 cents in January, 2016 from December, 2015.

PRICE MOVEMENTS

Chart 2: Price Movements of Different Groups of CPI from January, 2015 – January, 2016 (December, 2015 = 100)

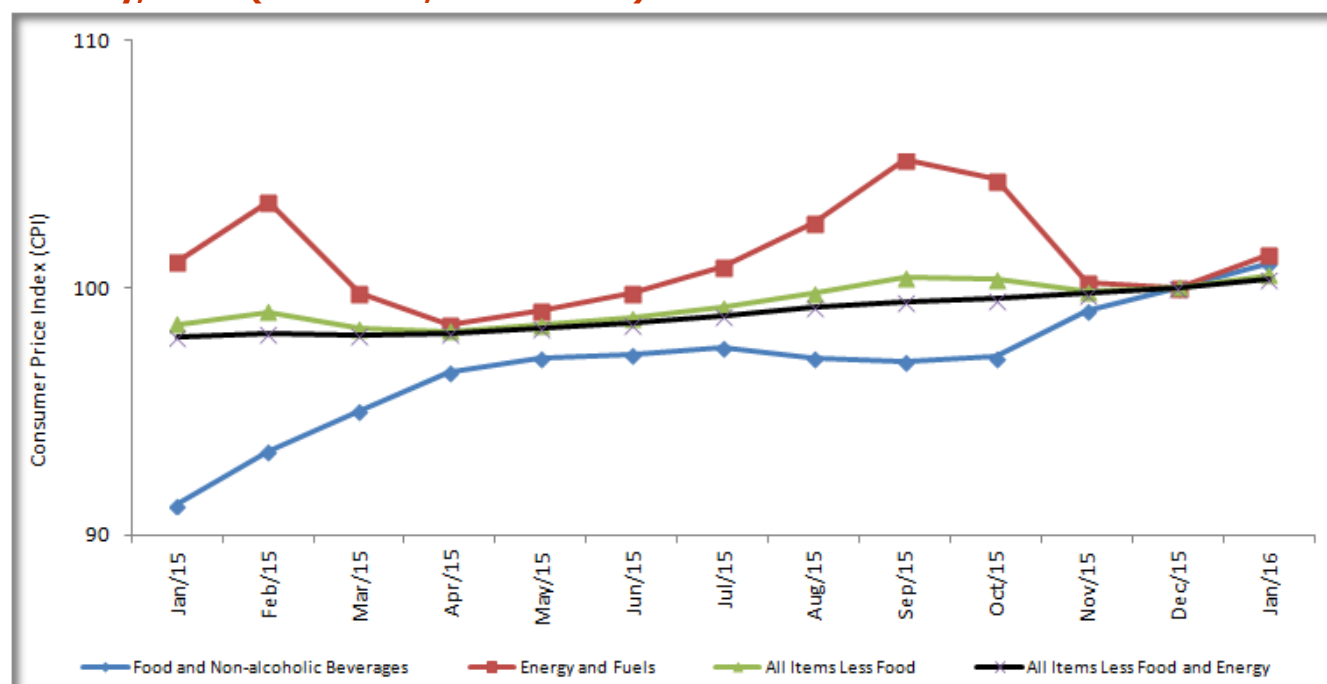


Chart number 2 above shows price movement of different groups of Consumer Price Indices from January, 2015 to January, 2016. On average, Energy and Fuel Index; and Food and Non Alcoholic Beverages Index have had a higher upward trend over the period compared to other indices. Furthermore, energy and fuels portrayed unstable price movements compared to other indices. All items without food and all items without food and energy have indicated a much stable price movements.

Table 2: NCPI Survey Schedule for the Coming Months

NCPI Survey Months	Release date
February, 2016	08 th March, 2016
March, 2016	08 th April, 2016
April, 2016	09 th May, 2016

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